

Agency: 495 Department of Agriculture

Decision Package Code/Title: A0 Eliminate Funding to Fairs

Budget Period: 2015-17

Budget Level: PL - Performance Level

Recommendation Summary Text:

As part of the 15 percent near general fund (NGF) budget reduction exercise, the Washington State Department of Agriculture (WSDA) proposes to eliminate funding to agricultural fairs.

Fiscal Detail

Operating Expenditures	<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
131-6 Fair Account-Non-Appropriated	(2,000,000)	(2,000,000)	(4,000,000)
Total Cost	(2,000,000)	(2,000,000)	(4,000,000)

Package Description:

Agricultural fairs are authorized for allocation of state funding for the purpose of holding agricultural fairs, including: the exhibition of livestock and agricultural produce of all kinds, products of the farm home, and educational contests, displays, and demonstrations designed to train youth and to promote the welfare of farm people and rural living (RCW 15.76.100). The Fair Fund was created for the purposes of funding these goals.

RCW 15.76.115 requires the State Treasurer make annual transfers into the Fair Fund from the General Fund in the amount of \$2 million (some reductions were made in fiscal years 2011, 2012 and 2013). WSDA allocates funding to qualifying agricultural fairs and youth shows based upon recommendations of a seven-member Fairs Commission, appointed by the Director of Agriculture. A number of factors may be considered in determining the actual allocation amount for each fair - i.e. merit score provided by a fairs commissioner as part of their on-site visit; number and type of agricultural exhibits; number of adult and youth exhibitors; etc.

There are currently 66 qualifying fairs that participate in the program - 37 county/area fairs, 17 community fairs and 12 youth fairs (4-H and FFA). Thirty-seven of the 39 counties in Washington State hold one or more fairs which receive funding from the Fair Fund.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

Funding is primarily intended to reimburse fairs for their costs relative to paying premiums and prizes to exhibitors. The impact from eliminating the annual allocation is difficult to determine as it ranges anywhere from approximately 2% - 75% of fair receipts (county fairs) or expenditures (community and youth fairs). In 2011, the Washington State Fairs Association conducted an informal survey of

fairs regarding the consequences of eliminating state support. Of the 50 respondents, 59% indicated their fair would probably "not survive" and 91% indicated premiums for exhibitors would be severely reduced or eliminated.

Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

The Fairs Program helps further the agency's mission of supporting the rural economies of Washington by providing funding for agricultural fair activities.

Does this DP provide essential support to one or more of the Governor's Results Washington priorities?

While there is no specific reference to measures in the Governor's Results Washington priorities, eliminating funding to the fairs could impact the Prosperous Economy Result as fairs support rural economies of Washington.

What are the other important connections or impacts related to this proposal?

In 2005, the Washington State Legislature provided funding to the department for the purpose of developing an economic analysis of the impact of fairs in Washington State. The study concluded:

- *7.8 million people attended events at fairgrounds throughout Washington State in 2005
- *Gross economic impacts from Washington State fairs and other fairground activities were between \$350 and \$385 million.
- *Fairs and fairground activities supported approximately 5,630 - 5,807 temporary jobs in 2005.
- *Estimated labor income for all jobs related to the fairs was between \$48 and \$51 million in 2005.
- *Estimated tax revenues generated by fair and non-fair gross economic activity ranged between \$22.7 and \$25.0 million in 2005.

A copy of the report is available upon request.

What alternatives were explored by the agency, and why was this alternative chosen?

For the purposes of the 15 percent NGF reduction exercise, the agency applied its principle of preserving core agency activities funded by the general fund which contribute to public health and human safety, and protecting the state's natural resources. While outside the scope of the agency's core, funding fairs is an important, longstanding WSDA activity that benefits local Washington economies each year.

What are the consequences of adopting or not adopting this package?

There may be fewer fairs for the average citizen to attend. Since part of a fair's purpose is to educate attendees about agriculture, this connection may be lost. In addition, fairs also provide a venue for non-profit groups to conduct fund raising activities. If there is a reduction in the number of fairs communities may also experience economic impacts from having fewer visitors visit and support the local economy through hotel stays, eating at restaurants, buying gas, etc.

What is the relationship, if any, to the state's capital budget?

No direct impact. However, if capital appropriation is received for fairground improvements (as it has been the case over the past several biennia), the department will need to ensure the application and award process is administered.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

Chapter 15.76 RCW, Agricultural Fairs, Youth Shows, Exhibitions and Chapter 16-700 WAC, State Fair Fund - Proration would each need to be repealed or amended to reflect the elimination of the transfer to the Fair Fund.

Expenditure and revenue calculations and assumptions

N/A

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

For purposes of the 15% NGF reduction exercise, we assume this reduction would be ongoing.

<u>Object Detail</u>		<u>FY 2016</u>	<u>FY 2017</u>	<u>Total</u>
N	Grants, Benefits & Client Services	(2,000,000)	(2,000,000)	(4,000,000)